

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY – CNPJ 17.155.730/0001-64 – NIRE 31300040127

MARKET ANNOUNCEMENT

Reply to CVM Inquiry Letter 2777/2016-SAE/GAE-2, of July 21, 2016

Question asked by the Brazilian Securities Commission (CVM)

July 21, 2016
2777/2016-SAE/GAE 2

Companhia Energética de Minas Gerais – CEMIG
At.: Mr. Fabiano Maia Pereira
Investor Relations Director

Subject: **Request for information on media news report**

Dear Sirs,

A news item published by the newspaper *Valor Econômico* on July 21, 2016 contains, among other information, the following statement:

- ✓ *Minas Gerais state-controlled company Cemig is assessing the possibility of leaving the controlling stockholding block of Light.*
- ✓ *At least three large electricity companies are interested in acquiring an interest in Light, which has market value of around R\$ 3 billion: the Brazilian company Equatorial, the Italian company Enel, and State Grid of China.*

Your response, without prejudice to the provisions of Article 6 of CVM Instruction 358/02, should be given through the IPE Module, selecting the category *Material Announcement*, or the category *Market Announcement*; the Type *Responses to consultations by CVM/Bovespa*; and Subject heading *Media News Reports*. This will result in simultaneous transmission of the file to the BM&FBovespa and to the CVM.

We have not seen this information in the documents sent by your Company through the Empresas.NET System. If this is not the case, please state the document, the pages on which the information is to be found, and the date and time it was sent.

We would note that your Company should publish periodic or one-off information and other information of interest to the market, through the Empresas.NET System, ensuring it wide and immediate dissemination and equitable treatment of investors and other market participants.

Having said this, we request explanation on the items indicated, by July 22, 2016, without prejudice to the provisions of the sole sub-paragraph of Article 6 of CVM Instruction 358/02, and any other information deemed to be important.

We draw your attention to the obligation, stated in the sole sub-paragraph of Article 4 of CVM Instruction 358/02, to question managers and controlling stockholders of the Company to ascertain whether they may have knowledge of information that should be disclosed to the market.

The file to be sent should contain your company's reply, preceded by the question that is asked above.

This request is made under the Cooperation Working Agreement between the CVM and BM&FBovespa of December 13, 2011. Non-compliance with the request may make your company subject to an incentive fine by the Company Relations Management Unit (SEP) of the CVM, subject to CVM Instruction 452/07.

Yours,

Nelson Barroso Ortega
Company Monitoring Management Unit

Reply by CEMIG

Dear Sir,

In response to Official Letter 2777/2016-SAE/GAE-2, of July 21, 2016, we inform you, as has been already widely published, including in our financial statements, that our partners in the controlling stockholding block of Light hold a put option, exercisable against Cemig, to sell their interest in the control structure of that company, and that we are at present studying various alternatives for partnership for substitution of these partners. We also inform you that none of the options that are being studied, up to today's date, consider the possibility of Cemig leaving the controlling stockholding block of Light.

We would further remind you that, as stated to the market in the 21st Annual Cemig-Apimec meeting, held on May 24, 2016, the process of review of the Company's portfolio of assets aims to focus on the Generation, Transmission and Distribution businesses, and also on those where we have control or shared control.

Cemig takes this opportunity to reiterate its commitment to opportune and timely disclosure of all and any fact which is of interest to its stockholders and to the market in general.

Belo Horizonte, July 22, 2016

Fabiano Maia Pereira
Chief Finance and Investor Relations Officer